

PAYG withholding – how to complete your activity statement



Other activity statement instructions are available for pay as you go instalments, goods and services tax, fringe benefits tax, luxury car tax and wine equalisation tax.

Visit **www.ato.gov.au** or phone **13 28 66** for more information.



OUR COMMITMENT TO YOU

We are committed to providing you with advice and guidance you can rely on, so we make every effort to ensure that our publications are correct.

If you follow our guidance in this publication and it turns out to be incorrect or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our advice and guidance in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

You are protected under GST law if you rely on any GST advice in this publication. If you rely on this advice and it later changes, you will not have to pay any extra GST for the period up to the date of the change.

If you feel that this publication does not fully cover your circumstances or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.

This publication was current at **August 2009**.

➤ MORE INFORMATION

For a copy of any of the publications referred to in these instructions, or for more information about PAYG withholding or completing your activity statement:

- visit our website at www.ato.gov.au or
- phone **13 28 66**.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

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INTRODUCTION

Under pay as you go (PAYG) withholding, payers (generally businesses and other enterprises) must withhold amounts from certain payments they make to others. These payments include:

- payments to employees, company directors and office holders
- payments made to workers under labour hire arrangements
- payments under voluntary agreements, or
- payments where an Australian business number (ABN) has not been quoted in relation to a supply.

You report these withheld amounts on your activity statement and send all withheld amounts to the Tax Office.

➤ For more information on PAYG withholding, refer to *PAYG withholding* (NAT 8075).

YOUR ACTIVITY STATEMENT

Below is an example of a quarterly activity statement. Your activity statement will contain all of your reporting requirements and may not look exactly like this example.

EXAMPLE: Business activity statement – front

This is the reporting period that the activity statement covers. It's usually a month or a quarter.

The document ID is a unique identifier for each activity statement you receive.

Your Australian business number (ABN).

Check these dates and only include amounts for the reporting period shown.

This bar code is used by our electronic scanners to identify your activity statement.

These are important dates. They indicate when you have to lodge your activity statement and when you have to make a payment.

This is the method (cash or non-cash) you've chosen to report GST if you're registered.

These are your contact details. We use this information to contact you if there is a problem with your activity statement.

- ❗ To make sure we scan your activity statement correctly:
- use a black pen
 - leave boxes blank if they don't apply to you, unless we ask you to write '0'
 - show whole dollars only (round cents down to the nearest whole dollar)
 - don't use symbols (such as +, -, /, \$), and
 - don't write any additional information on your activity statement – contact us if your details have changed.

This is the section you need to complete if you withhold from payments to others.

PAYG tax withheld		PAYG income tax instalment	
For the QUARTER from 1 Jan 2006 to 31 Mar 2006			
Total salary, wages and other payments	W1 \$	<input type="text"/>	<input type="text"/>
Amount withheld from payments shown at W1	W2 \$	<input type="text"/>	<input type="text"/>
Amount withheld where no ABN is quoted	W4 \$	<input type="text"/>	<input type="text"/>
Other amounts withheld (excluding any amount shown at W2 or W4)	W3 \$	<input type="text"/>	<input type="text"/>
Total amounts withheld (W2 + W4 + W3)	W5 \$	<input type="text"/>	<input type="text"/>
Write the W5 amount at 4 in the Summary section below			

Summary	
Amounts you owe the Tax Office	Amounts the Tax Office owes you
GST on sales or GST instalment	1A \$ <input type="text"/>
PAYG tax withheld	4 \$ <input type="text"/>
PAYG income tax instalment	5A \$ <input type="text"/>
Deferred company/land instalment	7 \$ <input type="text"/>
1A + 4 + 5A + 7	8A \$ <input type="text"/>

Payment or refund?	
<p>Is 8A more than 8B?</p> <p><input type="checkbox"/> Yes, then write the result of 8A minus 8B at 9. This amount is payable to the Tax Office.</p> <p><input type="checkbox"/> No, then write the result of 8B minus 8A at 9. This amount is refundable to you (or offset against any other tax debt you have).</p>	<p>Your payment or refund amount</p> <p>9 \$ <input type="text"/></p>

Declaration I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice requirements have been met.

Signature _____ Date ____/____/____

Activity statement instructions are available from www.ato.gov.au or can be ordered by phoning 13 28 66. The Tax Office is authorised by the tax laws to collect this information to administer those laws and may pass information to other government agencies. More information about privacy and access to your tax information is available from www.ato.gov.au

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Payment or refund?	
<p>Declaration I declare that the information given on this form is true and correct, and that I am authorised to make this declaration. The tax invoice</p>	

This is the section where you summarise your reporting obligations and calculate whether you are due a refund or you need to pay.

This is where you sign and date your activity statement.

This is the payment advice that you use when making a payment.

PAYG WITHHOLDING LABELS ON YOUR ACTIVITY STATEMENT

PAYG tax withheld	
Total salary, wages and other payments	W1 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld from payments shown at W1	W2 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld where no ABN is quoted	W4 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Other ABNs withheld (excluding any amount shown at W2 or W4)	W3 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total amounts withheld (W2 + W4 + W3)	W5 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Write the W5 amount at 4 in the Summary section below

W1

TOTAL SALARY, WAGES AND OTHER PAYMENTS

Include at **W1** total gross payments from which you are required to withhold amounts. These payments include:

- salary, wages, allowances and leave loading paid to employees
- director fees
- salary and allowances paid to office holders (including Members of Parliament, statutory office holders, defence force members and police officers)
- payments made by a labour hire firm to labour hire workers under a labour hire arrangement
- employment termination payments
- payment for unused annual or long service leave
- payments to religious practitioners
- superannuation income stream
- superannuation lump sum, and
- Commonwealth education and training payments.

Include all payments subject to withholding, even if you weren't required to withhold any amount. For example, if you pay an employee \$80 a week, and they claim the tax-free threshold, there is generally no obligation to withhold as long as they have previously provided their tax file number, but you still need to report the total payment at **W1**.

Don't include:

- superannuation contributions
- departing Australia superannuation payments
- payments from which you withheld an amount because an ABN was not quoted (see **W4**)
- an investment distribution from which you withheld an amount for non-quotation of a tax file number

- interest, dividends or royalty payments from which you withheld an amount for a payment to a non-resident, or
- payments to foreign residents for entertainment, sports, construction and casino gaming junket activities.


If you didn't make any payments, leave the boxes blank.

Large withholders

Entities may have a large, medium or small withholding status. You are a large withholder if you:

- have withheld amounts totalling more than \$1 million in a previous income year; or
- are part of a company group which has withheld more than \$1 million in a past income year.

If you are a large withholder, you only need to complete **W1** on your activity statement. Do not complete **W2, W3, W4, W5** or **4** in the 'Summary' section.

 Do not include amounts for superannuation on your activity statement.

W2

AMOUNTS WITHHELD FROM SALARIES OR WAGES AND OTHER PAYMENTS SHOWN AT W1

Include at **W2** the total amount you withheld from salaries, wages and other payments shown at **W1**. If you didn't withhold any amounts leave the box blank.

This is the main type of withholding. If you have no other withholding obligations, go to **W5**.

W4

AMOUNTS WITHHELD WHERE NO ABN IS QUOTED

Where you make payments to suppliers who do not quote their ABN to you, you must generally withhold 46.5% of the invoice amount and pay this to the Tax Office. Not quoting their ABN means that there was no ABN on the invoice and the supplier did not provide it to you in any other way.

➤ For more information on no ABN withholding refer to *Statement by a supplier (reason for not quoting an ABN to an enterprise)* (NAT 3346).

Include at **W4** the total amount you withheld from payments to suppliers who did not quote their ABN to you. If you have nothing to report, leave **W4** blank.

W3

OTHER AMOUNTS WITHHELD (EXCLUDING ANY AMOUNT SHOWN AT W2 OR W4)

W3 covers other types of withholding. Include the total amount you withheld from:

- interest, dividends, unit trust or other investment distributions you made, where the person you are paying has not filled in a Tax file number (TFN) declaration form or otherwise provided you with a TFN (includes a non-resident)
- interest, dividends or royalty payments you made to a non resident
- any departing Australia superannuation payments you made, and
- any payments you made to foreign residents, for:
 - entertainment and sport activities
 - construction and related activities, or
 - arranging casino gaming junket activities.

If you have nothing to report, leave **W3** blank.

W5

TOTAL AMOUNTS WITHHELD (W2 + W4 + W3)

Include at **W5** the total of **W2** + **W4** + **W3**.

Don't include **W1** in your **W5** total.

Copy the total at **W5** to **4** in the 'Summary' section of your activity statement. If your activity statement only asks you to report PAYG withholding, then you won't have a summary section. Your total withholding will be reported at **9** in the 'Payment or refund' section of your activity statement.

LODGING AND PAYING

The due date for lodging and paying is pre-printed at the top right hand corner of your activity statement. You can lodge and pay electronically, by mail or in person, but you need to do it on time to avoid interest and penalties. Even if you have no amounts to report for the period or are having difficulty paying, it's still important to make sure we receive your activity statement on time.

If you have received an instalment notice (identified by an **R** or **T** in the top left hand corner) instead of an activity statement, you only need to lodge it if you are varying the amount at **T7**. If you are not varying, you just need to pay the amount shown by the due date.

❗ To make sure you receive credit for all of your PAYG instalments, ensure all your activity statements are lodged before you lodge the corresponding income tax return.

HOW TO LODGE

Electronically

You can lodge electronically using:

- the business portal
- electronic commerce interface (ECI) over the internet, or
- your registered tax agent.

➤ For more information on electronic lodgment, visit www.ato.gov.au/online services or phone us on **1300 139 051**.

By mail

Mail your original, completed activity statement with your cheque using the pre-addressed envelope provided.

If you misplace the envelope, you can send your activity statement to:

VIC, TAS, WA, SA, NT

NSW, QLD, ACT

Australian Taxation Office
Locked Bag 1936
Albury NSW 1936

Australian Taxation Office
Locked Bag 1793
Penrith NSW 1793

❗ Send us your original activity statement. Do not send a copy or a version generated from a commercial software package. If you do use a commercial package, make sure you copy the information onto your original statement.

HOW TO PAY

By BPAY®

You can use your financial institution's BPAY facility to pay by phone or over the internet. Use Biller code **75556**. The BPAY reference number is the EFT code on your activity statement payment slip.

By direct credit

You can transfer your payment to us online from your cheque or savings account.

Details you need

Bank: Reserve Bank of Australia
BSB: 093 003
Account number: 316 385
Account name: ATO direct credit account
Reference: Your EFT code

Your EFT code will be displayed on your activity statement payment slip.

Your payment needs to reach us on or before its due date. Please check your financial institution's processing deadlines to avoid making a late payment.

By direct debit

You will need to complete a direct debit request to have your payment electronically deducted from your nominated bank account.

At Australia Post

You can pay in person at Australia Post outlets using your original payment advice slip. You can pay with cash (a \$3,000 limit applies), money order or cheque. EFTPOS is available at most Australia Post outlets for savings and cheque accounts.

➤ If you need to order additional or replacement payment slips phone **13 72 26**.

By mail

You can send a cheque using the pre-addressed envelope provided. Be sure to include the original payment advice slip if you have lodged your activity statement electronically.

Make cheques payable to the 'Deputy Commissioner of Taxation' and cross them 'Not negotiable'. Don't attach your cheque with pins or staples and don't send cash.

❗ If you make a payment at Australia Post, or you pay electronically, you must still send your completed activity statement to us either by mail or electronically unless we advise you otherwise on the form.

➤ For more information about direct credit or BPAY:
■ phone **1800 815 886** between 8.00am and 6.00pm, Monday to Friday, or
■ email **payment@ato.gov.au**

For more information about direct debit:

■ phone **1800 802 308** between 8.00am and 6.00pm, Monday to Friday, or
■ email **eft-information@ato.gov.au**

WHAT IF I CAN'T LODGE AND PAY ON TIME?

You must phone us on **13 28 66** to check whether alternative arrangements can be made.

You must still lodge your activity statement by the due date, even if you can't pay on time.

The general interest charge will apply to any amount not paid by the due date. A penalty may also apply if you fail to lodge on time.

EXPECTING A REFUND?

Generally, if you have an Australian business number (ABN), we can only pay refunds directly into your nominated financial institution account, so it's essential that we have your correct account and branch (BSB) numbers. Your nominated account must be at a branch of the institution in Australia.

➤ Contact us on **13 28 66** if you need to change your financial institution account details. You will need to provide proof of identity. This includes either your tax file number, ABN or name and specific identifiers (such as information from a previously generated tax notice).

If you don't have an ABN, we will pay your refund by cheque.

We may not issue a refund if you have not lodged a previous activity statement or if you have provided incorrect bank details.

If you are due a refund, we may apply it to offset any Commonwealth Government debt that you may have, such as a Child Support Agency debt.

CHECKLIST

Have you:

- filled in the PAYG withholding boxes that apply to you? ☐
- checked your calculations? ☐
- copied amounts correctly between boxes? ☐

You may need to:

- complete any other sections that apply to you and copy the totals to the summary section. ☐
- calculate whether you must make a payment or if you're entitled to a refund. ☐
- complete the payment or refund details. ☐
- contact us to update your address (see 'How do I update my address?' on page 9). ☐

You must:

- sign and date your activity statement. ☐
- lodge your original activity statement by the due date. ☐
- pay any amounts you owe by the due date. ☐

RECORD KEEPING

You should keep a copy of your activity statement and the records you used to prepare it for five years after they are prepared, obtained or the transactions completed, whichever is the later, in writing and in English.

Information stored on magnetic tape or computer disk is not in a written form: such records must be in a form that is readily accessible and easily converted into English.

If you do not have access to a photocopier, you can download a copy of the form from **www.ato.gov.au** and copy the information from your original activity statement onto this form and file it for your records.

FREQUENTLY ASKED QUESTIONS

WHAT ARE 'OTHER PAYMENTS' AT W1 AND W2?

Other payments include commissions, director's fees, compensation, sickness and accident payments and a range of other payments from which you are required to withhold amounts at a rate shown in the Tax Office's published tax tables.

WHAT IS A VOLUNTARY AGREEMENT?

PAYG voluntary agreements enable businesses to withhold amounts from payments they make to contractors and other individual service providers. This helps workers provide for their income tax liability.

➤ For more information about voluntary agreements, refer to *PAYG voluntary agreements* (NAT 3063).

IF I ENTER INTO A VOLUNTARY AGREEMENT, WHERE DO I REPORT AMOUNTS PAID ON MY ACTIVITY STATEMENT?

Include the voluntary payment amounts at **W1**. **W1** reflects your total payments, including amounts you withheld and the amounts received by your workers (or other recipients). You then report the amount withheld from the payments at **W2**.

I AM NOT REGISTERED FOR PAYG WITHHOLDING. HOW DO I SEND IN THE AMOUNTS THAT I HAVE TO WITHHOLD?

If you are required to withhold amounts from payments made to others, you will need to register for PAYG withholding. Phone us on **13 28 66** to register.

CAN I MAKE A VOLUNTARY PAYMENT?

Yes, but you don't make voluntary payments on your activity statement. If you have an electronic funds transfer (EFT) code, you can make a voluntary payment by BPAY or by direct credit. If you don't have an EFT code, phone us on **1800 815 886** for help.

Alternatively, you can mail your payment to:

VIC, TAS, WA, SA, NT

NSW, QLD, ACT

Australian Taxation Office

Locked Bag 1936

Albury NSW 1936

Australian Taxation Office

Locked Bag 1793

Penrith NSW 1793

! It's very important that you include the following information with your voluntary payment:

- payment type, for example PAYG withholding payment
- your ABN or tax file number
- your full name and address (as shown on the front of your activity statement), and
- a contact phone number, including the area code.

WHAT IF I MAKE A MISTAKE?

You can correct a mistake by striking it out in black pen. Write the new information as close as possible to the boxes for the label. You can also use tape whiteout to correct errors. Do not use liquid whiteout – this causes problems with scanning which will delay the processing of your activity statement.

WHAT IF I ONLY REALISED THE MISTAKE AFTER LODGING MY ACTIVITY STATEMENT?

Usually, you need to lodge a revised activity statement – phone us on **13 28 66** to obtain a revised activity statement form. Revised activity statements are also available from the Business Portal, if you are a registered user.

HOW DO I UPDATE MY ADDRESS?

To ensure you receive the correct mail for each of your tax obligations in a timely manner we encourage you to ensure the address details we have for you are correct.

To update your address for receiving activity statements, you can phone us on **13 28 66** or log on to the business portal.

To register for the business portal or for more information visit www.ato.gov.au/online services or phone us on **1300 139 051**.

